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FOREIGN AGRICULTURE

July 1960

Paving new highway, Colombia

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U.S. Wheat and the European Market

History of America's Farm Exports

The Age of Distribution

UNITED STATES DEPARTMENT OF AGRICULTURE · FOREIGN AGRICULTURAL SERVICE

To report and interpret world agricultural developments

FOREIGN AGRICULTURE

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Transportation and Markets

"At no time in history has so much effort been expended on the business of moving people and goods as in the last 25 years." This is the theme of our picture story on transportation—first of two which *foreign Agriculture* is presenting on the Age of Distribution. Next month's story concerns itself with local markets.

For food and fiber, as for all commodities, these two aspects of distribution are interdependent, and their level of development parallels that of a nation. As the story in this issue shows, the developing nations are keenly aware of this and are moving to expand and modernize their ports, improve and extend farm-to-market roads and railroads. These nations are primarily agricultural producers, and agricultural goods are bulky, heavy, and perishable.

Lack of transportation in many countries has tied farmers to a subsistence level of living. It has meant they must grow only what they can sell in the neighborhood; they cannot hope to become bigger producers or consumers. It has meant too that many foods are available only at harvest, so a balanced diet is out of the question. And often it has meant hunger in one area and food surpluses not too far away.

Now that so much effort is being expended on improving transport facilities, the expectation is that markets will change too. This is what happened in the more industrialized nations. The change came slowly, and today's complex marketing system is the product of the past quarter century. Most Americans can remember when an orange was a special Christmas treat, and when frozen foods first appeared in the grocery store. They can remember too the first supermarket in their town. This efficient method of food distribution is new in most countries, but already 20,000 have been built in 50 nations outside the United States.

Cover Photograph

Modern paving machine rolls out a carpet of asphalt along one of Colombia's new highways. Transportation has long been a problem in this Latin American land, which is divided by formidable mountain ranges. (Photo, World Bank.)

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Editor:

Alice Fray Nelson

Associate Editor:

Ruth A. Oviatt

Advisory Board

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THE U.S. WHEAT GROWER AND THE EUROPEAN MARKET

German wheat team in Kansas wheatfield.

By Harvey E. Bross
Former European Director
Great Plains Wheat Growers

A year and a half ago, in January 1959, the Great Plains Wheat Market Development Association opened its European office, in Rotterdam. It was my assignment to set up that office, and through it to initiate wheat market development programs in Europe.

One of the first objectives of the office was to find out why the United States has been gradually losing its wheat market in Europe. The hope was that in talking this problem over with European wheat interests, we could win their respect and confidence, so that we could then be of service both to them and to our wheat growers at home.

During the year, I visited government officials, importers, millers, and bakers of the 11 European countries that are either steady or occasional importers of wheat. Here is the general reaction I got: They would like to buy more hard winter wheat from the United States—but they want favorable prices, good quality, and uniformity of quality within the grade. When U.S. wheat fails to meet one or more of these conditions, we lose sales to our competitors.

It was evident that the primary job of the new Wheat Growers office was public relations — personal contacts, assistance in purchasing, information, service to the millers and trade. It was evident too that we must improve our marketing system at home, as part of the job of meeting competition.

The European wheat market is very much worth working for. Europe is the only continent that can be classified as an old established market for wheat. It has the highest per capita wheat consumption in the world and one of the highest living standards. It does at present show a slight downward trend in wheat consumption, due possibly to increasing incomes and a shift to other foods. But bread is still a main item in the everyday diet of each European country. Europe's mills, bakeries, and retail stores are modern and progressive; technical knowledge has been well advanced through milling and bakery schools and wheat and baking laboratories. In every country, the wheat trade knows exactly what it needs. Our job is to prove that we can supply the kinds and quality of wheat that will meet European requirements. Here is the European wheat picture as I saw it:

Usual Wheat Importers. Six countries — Austria, Belgium, Germany, the Netherlands, Switzerland, and the United Kingdom—are regular importers of wheat and will undoubtedly remain so.

Before World War II, Austria exchanged its manufactured products for the agricultural products of its neighbors to the east. These countries are now all behind the Iron Curtain, and in the last few years Austria's agricultural imports have been supplied by the West. Though the country wants to maintain its Western trade ties, there is internal pressure from its industry to return to the trade in the East, which offers markets for its manufactured goods.

During the first postwar years, Austria received wheat as aid; later, until 1958, under the P.L. 480 program. The government purchases all wheat imports, and since it must reimburse the millers part of the price if the quality is below certain requirements, it is under continual pressure to secure high protein and strong gluten wheat. This arrangement slants both government and millers toward Manitoba wheat, which they feel is more dependable in quality. Though we are selling Austria some wheat, our competitive position is certainly not encouraging; but an opportunity to improve it will be offered this year by the visit of an Austrian wheat team to the United States.

In Belgium, during recent years, the government has encouraged domestic wheat production through price supports and has discouraged wheat imports by requiring that a high percentage of the wheat used in flour be of the local soft varieties. Last year, Belgium's wheat crop was almost 800,000 tons, as against average consumption needs of about 1 million. The compulsory incorporation rate accordingly was increased to 75 percent local wheat to speed up the utilization of the crop. Belgian technicians and millers maintain that they cannot make really good bread flour with such a high percentage of soft wheat; they generally regard 50 percent as the maximum. With 75 percent soft, they have told the wheat trade that the other 25 percent must be Manitoba No. 2 or a similar wheat of high protein and strong gluten, to produce the best possible "inferior" bread.

Perhaps partly because of these problems in using local wheat, the government last year increased the support on feed grains to encourage a shift away from wheat. This policy may eventually make room for more wheat imports; but U.S. growers will need to offer better wheat.

Before World War II, Germany relied on its eastern areas for much of its agricultural production; Western Germany today must be classed as predominantly industrial. Among Europe's wheat-importing countries, it is second only to the United Kingdom.

To encourage wheat production and reduce the need for imports, Germany has supported wheat at about $2.80 a bushel. The difference between the prices for local and for imported wheat—called a "skimming charge"—is collected by the government; thus wheat prices are held at the local level. Germany distributes its wheat imports as widely as possible among supplier countries, to gain markets for its industrial exports.

Germany needs uniform deliveries of high-protein, strong-gluten wheat to balance its increased production of the weaker soft wheat. Canada now has the top position formerly ours in this market. However, the German miller has a high regard for good Hard Red Winter wheat and would like to buy more. Good personal and public relations, plus the expert assistance we can give through our grain specialist, can step up U.S. wheat sales to Germany; and even more could be accomplished if we improved our own marketing system to assure deliveries of uniformly high quality.

The Netherlands, which formerly based its economy on agriculture, is now becoming an industrial country of considerable importance. This small country is one of the world's greatest importers of U.S. agricultural commodities, with purchases totaling about $250 million a year; and 95 percent of these imports are free of quota restrictions.

In October 1958, the Soviet Union began to move into this market with purchase or barter deals. The Netherlands bought over 300,000 tons of Russian wheat in calendar 1959. This wheat is hard winter wheat, clean, with high protein and strong gluten—and priced from $2 to $4 per metric ton lower than U.S. or Canadian wheat. Almost all European countries have bought some Russian wheat to determine its value for milling. Dutch millers have found it highly acceptable. However, the Dutch thoroughly understand U.S. inability to meet the low Russian prices, and have given our Rotterdam office the finest of cooperation. The Netherlands Wheat Team that visited the Great Plains area returned enthusiastic, with a high regard for the Wheat Growers' efforts and objectives. And from this team's interest has developed a committee representing Netherlands milling and baking industries, pledged to cooperate with our office in putting wheat "on every table, every meal, every day."

Switzerland imports more than half its wheat needs. These imports—all handled by the government during

(Continued on page 22)

At office's opening, Mr. Bross (center) greets Dr. Hunger and Dr. Van der Mandele, officials of city's Chamber of Commerce.

Office's animated window illustrates the point that U.S. Hard Winter wheat and Dutch soft wheat together make better bread.

Latin America Plans Another Common Market

—twelve countries now associated in two trade groups

By Kathryn H. Wylie
Latin American Analysis Branch
Foreign Agricultural Service

Within the last 2 years two common markets have sprung up in the Western Hemisphere. The first, agreed upon in June 1958, is comprised of five Central American countries—Guatemala, Honduras, El Salvador, Costa Rica, and Nicaragua. The second, which is made up of seven countries, came into being in Montevideo last February.

The Montevideo Treaty, as it is commonly called, establishes a free trade area and institutes the Latin American Free Trade Association for the seven member countries. Originally the seven countries contemplating this move were Argentina, Uruguay, Peru, Paraguay, Chile, Brazil, and Bolivia, but in the course of the discussion, Bolivia failed to sign and Mexico did sign. All countries of Latin America are free to join in the arrangement if they are willing to abide by its terms.

Currently only about 10 to 12 percent of the total trade of the 20 Republics is among countries of the area. Argentine exports, principally temperate-zone agricultural products, go largely to Europe. Trade of the northern countries, both import and export, is oriented toward the United States. Much of the intra-area trade now moves among four countries—Argentina, Brazil, Uruguay, and Peru—and a large part of this is on bilateral account. To date, there has been little trade between Mexico and the other six countries.

Reasons for Market. Population is rising at a rapid rate in Latin America—almost 3 percent a year for the area and for some countries, 4 percent. Production is not keeping up with this rise. Also Latin America is going through a period of social change. According to Under Secretary of State, C. Douglas Dillon, no area of our planet today is in greater process of change than this one. Communications media are bringing knowledge of the possibility of a better life to millions of people at the minimum level of subsistence. These people do not want to remain at this level, but to raise living standards even a little will require a tremendous gain in total productive output. One of the stated goals is to lift the per capita gross national product by 2 percent each year. By 1975 an increase of this magnitude would mean that total gross national product would reach a level more than twice as high as that of 1957.

The potential is there for such a rise if the resources can be harnessed and used effectively. Latin America's leaders believe that a common market is one way to help do it. At the present time, the available market in many countries is not large enough to justify much diversification in industrial development within any one country; but if the market could be widened to include all or several of the Latin American countries, some degree of specialization might be developed as between countries. The establishment of a free trade area in Latin America, in order to cash in on the advantage of such specialization by trading goods freely among the countries, has been discussed for some years. In this effort the Economic Commission for Latin America of the United Nations has taken the lead.

Provisions of Treaty. The Treaty makes provision for obtaining a free trade area over a period of 12 years, during which time there will be a gradual elimination of duties, charges, and restrictions on substantially all of the trade among the seven countries. Two kinds of schedules will be set up over the 12-year period. The first, a common or basic schedule, will include items that all the contracting parties agree to and on which a reduction of 8 percent will be made each year in import duties and charges. The items on this list must constitute 25 percent of the total intra-area trade at the end of the first 3-year period; 50 percent at the end of the second 3 years; 75 percent at the end of the third 3 years; and substantially all at the end of the 12 years.

The second set of schedules will be national ones specifying annual reductions of 8 percent on a list of products to be negotiated by the countries. The agreement does not state, but it is assumed, that at the end of the 12 years the national schedules will all be incorporated into the common schedule.

There are special provisions for agricultural products and for more favorable treatment for the less developed countries than for the others. For example, all seven countries will seek to coordinate agricultural development and common trade problems for the most efficient use of resources, the raising of living standards, and the guaranteeing of normal supplies. Countries are thus enabled to limit imports to amounts required and to equalize prices of imported and domestic products.

The less developed areas are given authority to impose more stringent restrictions on their imports than the other area countries. At the same time, the more advanced countries may lower duties to less developed nations below what they would be to other contracting parties.

Interest to U.S. The United States supports the establishment of Latin American free trade areas so long as they are developed within the framework of the General Agreement on Tariffs and Trade (GATT). Two points are particularly important: First, that the arrangement will result in a true free trade area in a reasonable period of time; and second, that the duties and other regulations of commerce applicable to other contracting parties to the GATT are not higher or more restrictive than those existing prior to the formation of the free trade areas. The countries in the new treaty that are now members of the General Agreement are Brazil, Chile, Peru, and Uruguay.

The Treaty will come before the

GATT contracting parties for a preliminary review and explanation as it relates to the provision of the General Agreement. Until the treaty is tested in action it is impossible to say how the special provisions for agriculture and those for underdeveloped countries will work out. There is always the danger that exceptions to free trade area treatment could deprive the area of substantial benefits inherent in a free trade arrangement. These exceptions could even establish a preferential system within the area. Such a preferential system would be inconsistent with the broad objectives of the Treaty itself and would detract from the benefits of nondiscriminatory, multilateral trade.

In the early years of common market discussion in Latin America, leaders there suggested that the United States join with them to form a free trade area. Others are now beginning to study this possibility as well as the possibility of a Western Hemisphere common market that would include Canada.

The report on Foreign Economic Policy for the Twentieth Century, published in 1958 by Doubleday and Company, Inc., makes the positive recommendation that an inter-American economic conference be called to work toward an agreement to set up a common market of hemisphere-wide scope and to establish an inter-American payments union. The report points out that about half of all U.S. trade flow is within the Western Hemisphere, almost equally divided between Canada and Latin America. More than 65 percent of Canada's trade is with the United States, and half of Latin America's trade is with us. About a third of direct U.S. investments in other countries is in Canada, and an additional third in Latin America.

Another report on the subject was made by the National Planning Association for a subcommittee of the Senate Foreign Relations Committee in January this year. This suggests the desirability of exploring more intensively the possibilities and problems of greater integration of the Western Hemisphere to take advantage of the complementary nature of the temperate and tropical areas.

Effect on U.S. Trade. It is, of course, too early to know how the new free trade area will affect U.S. agriculture—but we can speculate. The important agricultural items that move in trade among the seven countries are wheat, coffee, lumber, fruit, sugar, cotton, cattle, cacao, edible and inedible oils, flour, and yerba maté. The United States sends to the seven countries (taken as a whole) wheat, fats and oils, some fruit and cotton, and breeding cattle. It takes from these countries coffee, cacao, and a variety of other agricultural products.

There is every likelihood that the principal export items of the seven countries will continue to be those that now enter trade, at least for the next 5 to 10 years. However, freer trade among the various countries could well result in specialization with regard to industrial and agricultural development. Thus numerous products may be added to the present trade pattern, even though they will not bulk large in the total trade movement. We can expect the trade among the seven to expand, gradually at first, later more rapidly.

Coffee and cacao will continue to move outside the area to the United States, Canada, and Europe. Cotton will still go to Japan and Europe, and we can expect that Argentina will continue to send part of its feed grains and wheat to Europe. In the initial stages, U.S. exports of wheat to the seven countries may decline unless sales under Public Law 480 are maintained at high levels. But should the expected industrialization take place, per capita incomes and the continued growth of population may expand demand faster than domestic agricultural production. Thus, it is possible that the volume of our exports of farm products to these seven countries may increase.

This holds true for all of Latin America, regardless of whether or not additional countries sign the Treaty. The net import demand for wheat may well be more than doubled over the next 10 years, though it may constitute a smaller percentage of the need than at present. And, in addition, Latin America is expected to be a net importer of some other foods, including rice and fats and oils.

Brazilians Pushing Soybean Industry

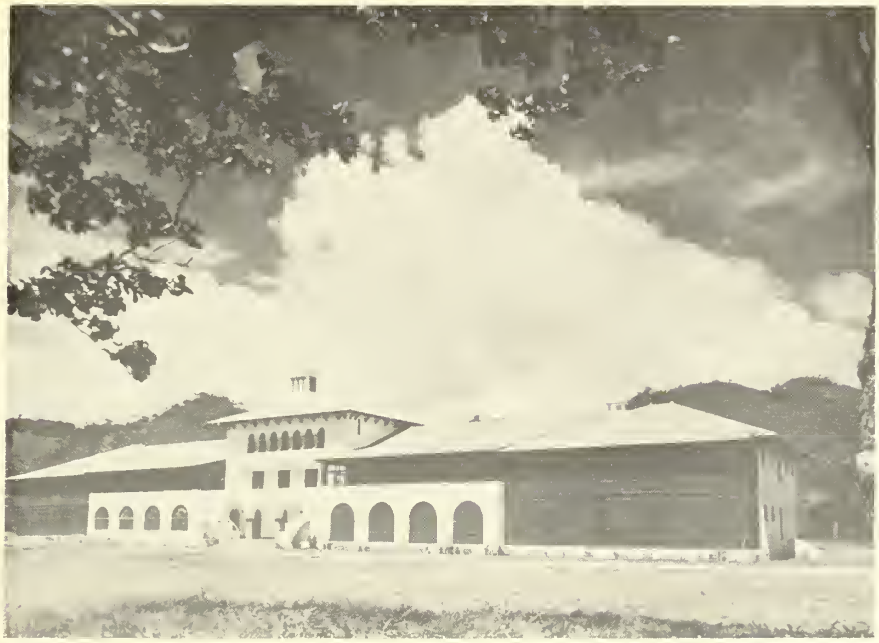
Brazil expects to harvest 8.1 million bushels of soybeans from about 383,000 acres this season. Not only is this a record crop, but it is a third larger than the 5.9 million bushels grown on 289,000 acres last year. Contributing importantly to this year's record production are relatively good prices, encouragement by the industry, and disappointment in recent wheat crops.

Brazil's soybean industry is comparatively young. Soybeans were introduced into the country around 1920 by the Japanese. Although some were exported as early as 1940, the crop assumed commercial importance in 1951 with the establishment of Brazil's first oilseed crushing plant.

At present, Brazil has a tight vegetable oil situation and strong demand for soybeans. This has resulted in substantial rises in the domestic prices of vegetable oils—including soybean—and mixed feeds. Therefore, despite this year's record crop, consumer groups have asked the government to prohibit exports of oilseeds and oilseed products. No definite action has been taken, but continued pressure from these groups could cause the Bank of Brazil to limit exports of soybeans and meal, and refuse to issue export licenses for soybean oil.

On the other hand, Brazil has a market in Japan for about a million bushels of soybeans annually and it will endeavor to keep this market. Therefore shipments of soybeans this year could be close to the 1959 level of 1.7 million. The United States is by far Japan's leading source of soybeans.

It is likely that Brazil's soybean production will continue to expand rapidly. The Ministry of Health is actively promoting soybeans and their products for human consumption. Soybean flour, a soybean milk product, and other food products are already in limited use. And the Ministry is issuing information encouraging wider utilization. The future rate of expansion could be even faster if much-needed harvesting machinery could be made more readily available.



The modern Inter-American Institute of Agricultural Sciences, located at Turrialba, Costa Rica, does extensive research on all phases of Latin American coffee output.

Progressive Costa Rica

With the highest per capita production in Central America, the country is still short on basic foods

By Mary S. Coyner
Latin American Analysis Branch
Foreign Agricultural Service

Costa Rica has a history of progress. From the poorest American colony of Spain, it has become the leader among the Central American Republics in per capita production, per capita income, and rate of literacy. National income has increased faster than population growth, resulting in a constantly improved standard of living—one of the highest in all the countries of Latin America.

Costa Rica is also making progress in farm output—not only in the amount of commodities grown but in better production methods. Yet agricultural output is lagging behind the high rate of population growth. The index of agricultural production (average for crop years ending 1953-55 = 100), which was only 44 before World War II, was 92 in 1957, and jumped to 120 in 1959. Per capita agricultural production, on the other hand, stood at 68 before the war, but had risen to only 79 in 1957 and 95 in 1959.

Agriculture is of paramount importance to the economy of Costa Rica; it contributes nearly half the national income, accounts for almost all export earnings, and directly employs over half the population. Conditions for agriculture are particularly favorable and the standards of research and extension services are high.

Costa Rica's principal exports traditionally have been coffee, bananas, cacao, and lumber. In recent years, live cattle and dressed beef have grown in importance. Abaca, which at one time was a leading export, is no longer harvested commercially. Agricultural imports are of lesser importance and consist mainly of wheat and flour, processed milk, and lard.

Export Crops. Initially, Costa Rica's coffee exports went exclusively to South America, but in 1843 an English sea captain persuaded the producers to let him take their coffee to London and market it there. This proved to be a successful project, and for almost a century—up to the start of World War II—Costa Rica exported most of its coffee to the London market, where it enjoyed a reputation for high quality. During and immediately after the war the United States was the only market for Costa Rican coffee, and it was not until the early 1950's that small exports began drifting toward Europe once more.

Costa Rica was a pioneer in the western world in the use of coffee-cleaning machinery and in producing thoroughly washed coffee. Through these innovations Costa Rican coffee acquired a reputation for fine quality.

The agricultural census of 1955 reported approximately 140,000 acres planted to coffee. Area planted had remained more or less stationary for 10 years until, under the stimulus of high prices beginning about 1950, a trend toward increased acreage began. Improvement of existing plantations, by the use of better methods of cultivation and higher yielding varieties, resulted in a larger volume of production. The 1959-60 crop is estimated at 925,000 bags (132.276 pounds), an alltime record.

Since producing coffee is the country's most important enterprise, the government and private interests look to the coffee crop for a large part of their income. There are several minor taxes on coffee—among which are an export tax of 20 cents per 100 pounds, three different assessments by the Coffee Office, and one by the National Treasury. Further, exporters must sell the dollars earned from coffee sales at the official rate of exchange, which is 5.60 colones per U.S. dollar, but then they must buy dollars for their needs at the free market rate of 6.65 colones per dollar.

The Ministry of Agriculture, the National Production Council, and the joint U.S.-Costa Rica Technical Cooperation Service (STICA) have given the most aid toward increasing the coffee crop and improving the industry. Programs backed by these agencies include a campaign to improve cultivation methods on plantations, research in eradicating coffee diseases, and the introduction of higher yielding varieties. Further, the Inter-American Institute of Agricultural Sciences at Turrialba is constantly car-

Above, women workers grade cacao beans—another leading export crop—before bagging. Left, bananas, Costa Rica's No. 2 exchange earner, are trucked from field to market.

Photos by United Fruit Co.

rying out research on all phases of coffee production in Latin America.

Bananas are Costa Rica's second most important export crop. Production is largely in the hands of foreign companies, but independent growers also contribute a sizable quantity to total output. Costa Rica's banana industry was created by a U.S. fruit company, and at one time bananas were the country's leading crop for the export market.

Formerly, the industry was restricted almost entirely to the Caribbean coast, but the spread of Sigatoka disease ruined most of the plantations in that area. Therefore, in 1938 the Costa Rican Government signed a contract with the fruit company to develop banana plantations on the west coast. However, disease came to the west coast too, and many plantations in that area were gradually replaced with cacao and African oil palm. During 1956, another company started banana cultivation in the Limón area where the crop had not been grown for a number of years.

For the 6-year period 1953-58, banana exports from Costa Rica averaged $31 million—38 percent of all exports for the period. But windstorm losses reduced the 1959 crop to the lowest level of many years. Meanwhile, the search for better and more efficient disease control methods continues. Varieties suitable to the location are being used when plantations are replanted. For example, the new east coast plantings are the Cavendish variety, which is more resistant to disease than the formerly used Gros Michel. The fruit companies are experimenting with boxing the fruit before shipping to prevent bruising.

Until 1959, cacao was the country's third most important export crop; and the 1959-60 harvest of about 22 million pounds was a record, resulting from improved plantation management and favorable weather. However, in 1959, live cattle and frozen beef exports moved into third place. Exports of live cattle and fresh and frozen beef more than tripled between 1956 and 1958, and the volume of frozen beef alone shipped in 1959 was almost 150 percent greater than it was in 1958.

A modern slaughterhouse which began operating in 1958 can handle more than a third of present annual marketable beef output. A major program is now under way to provide slaughter cattle for this plant and for several others that have recently begun operations.

The sugar industry of Costa Rica is operated by small producers, of which there are over 27,000, not including hired workers. More than 2,000 small sugar mills (trapiches) are operating, plus 28 larger mills.

Costa Rica's current centrifugal sugar output far exceeds home needs and export quotas. Larger cane acreage and more sugar mills have both contributed to this surplus. Centrifugal production for 1959-60 is estimated at a record of about 62,500 short tons.

Government Policies. Agricultural policies are geared to producing more food crops in order to reduce imports. Also, special emphasis is placed on expanding and improving cattle herds to supply increasing home demands for beef and to assure additional supplies for the export market.

The National Production Council has been largely responsible for Costa Rica's maintaining self-sufficiency in its basic crops. It carries on a price support program and handles purchases, storage, and distribution of the basic crops. The Ministry of Agriculture and STICA have joined forces to operate the country's extension program and expand credits for agricultural enterprises.

Agricultural expansion is also encouraged by the loan policies of the banking system. The amounts of loans to agriculture are set high and up to 6 years of credit are allowed for the purchase of expensive items of agricultural equipment. Rural credit boards located throughout the country are responsible for implementing a policy to assist in preserving the system of small landholders which is

(Continued on page 23)

History of America's Farm Exports:

II. The Last One Hundred Years

By Wayne D. Rasmussen
Agricultural Historian, USDA

Many Americans believed in 1861 that the outcome of the Civil War might depend upon England's demand for one of America's most important agricultural exports—cotton. If England recognized the Confederacy in order to obtain cotton, the South's chances of winning the war would be greatly enhanced. This Southern hope failed, partly because England was even more interested in another export of American farms—wheat.

Grain crops failed in England in 1860, 1861, and 1862, and were below normal in most of the wheat-growing nations of Europe. During the years 1860 to 1862, our wheat exports rose from 4 million to 37 million bushels, corn from 3 million to 19 million bushels, and wheat flour from 2.6 million to nearly 5 million barrels. Cotton was no longer king.

The war left the cotton export trade in a crippled condition. It was not until 1875 that either the cotton crop or the amount exported permanently regained its prewar volume. Cotton then ranked second among America's exports and did not again become America's most important export until near the end of the century. It then held this position until World War I.

Grain, which had always been an important export and which had played its part in the Civil War, was the leading American export from the war until the end of the 19th century. As railroads pushed across the prairies and into the Great Plains, new land was opened for commercial wheat production. Large-scale, mechanized wheat farming developed in the Red River Valley in the 1870's and then spread westward.

In 1866, the Nation grew 170 million bushels of wheat; in 1900, 655 million. In 1866, 13 million bushels were exported; in 1900, 221 million. Exports then declined until World War I.

Meat and meat products ranked third in importance among American exports after the Civil War. War experiences in providing meat for the army led to the development of better methods of handling and preserving meat and to the concentration of slaughtering facilities. The use of refrigerated freight cars and steamships, beginning in the 1870's, permitted the shipment of dressed meat, particularly to Great Britain. Pork and lard were more important as exports than beef. After 1900, the value of meat and meat products shipped abroad declined slowly until World War I.

First Federal Laws. The export trade in meat and live animals led to the first Federal laws regulating the market of farm products. Pleuropneumonia, a highly contagious disease of cattle, had been introduced into the United States in 1843. It had spread until by the 1880's some foreign nations were prohibiting the importation of American cattle. As a result, the Bureau of Animal Industry was established in 1884, primarily to suppress contagious diseases among animals.

Library of Congress Collection

American beef for English markets is shipped on the hoof by boat from New York. Engraving. Harpers Weekly, *1879.*

Pleuropneumonia was eventually eradicated. However, foreign governments pointed to the prevalence of other diseases and the infestation of American pork with trichinae as further reasons for restricting the importation of cattle and meat from the United States. Meat packers, livestock producers, and others appealed to the Federal Congress for aid in overcoming these restrictions. Congress passed our first meat inspection act on August 30, 1890. It provided for the inspection of salted pork and bacon intended for exportation when foreign requirements made it necessary and for the inspection of all cattle, sheep, and swine offered for export. This law and subsequent modifications led several European countries to revoke their prohibitions.

Tobacco, the colonial king of American commerce, had lost its place as a leading export, although the quantities shipped abroad continued to increase slowly and irregularly. In 1866, 185 million pounds were exported; in 1900, 316 million. Exports of this commodity, unlike most food products, continued to grow from 1900 to World War I.

Era of Industrialization. The period from the Civil War to the end of the century was marked by increasing

Harvesting wheat on a bonanza farm in the Great Plains, 1891. Grain exports, always important in U.S. trade, mounted rapidly after mechanization was introduced.

industrialization in Europe as well as in the United States. The result was a greater demand for farm products, since factory workers needed food and mills needed cotton. The farmers of America could supply both at competitive prices. The first American agricultural revolution, centering around the Civil War, had seen the passage of the Homestead Act, which opened up new land; the establishment of the Department of Agriculture and the Land Grant Colleges, which brought science to agriculture; and the increasing mechanization of agriculture, marked particularly by the substitution of animal power for man power. Together, these and related developments led to greatly increased production at lower unit costs.

Lower unit costs did not mean that farmers were less dependent upon markets. The costs of mechanization and of adopting improved methods actually made the farmers more dependent upon markets. From 1869 to 1900, the home market absorbed about 82 percent (by value) of farm products sold and the foreign market, about 18 percent. Some products, particularly cotton, tobacco, wheat, and meat products, were much dependent upon overseas trade; also, the export market often determined the prices farmers received for their crops.

The Department of Agriculture, from the beginning, recognized the importance of export markets. Several experts made studies of area markets for particular crops, and in 1894 these activities culminated in the establishment of a Section of Foreign Markets. This office may be regarded as a direct forerunner of today's Foreign Agricultural Service.

Farmers were not the only beneficiaries of foreign trade. An average of about 76 percent of all exports between the Civil War and 1900 were agricultural, and the balance of trade created primarily by these farm products brought the United States a portion of the capital needed for the rapid growth of its industries.

World War I. A decline in exports occurred between 1900 and World War I, as a result of increasing nationalism in Europe, increasing competition from other nations, and a better balance between consumption and production in the United States. Then the picture changed dramatically with the war. Hostilities began on July 28, 1914, with the Austrian declaration of war upon Serbia. Within a few days, Russia, Germany, France, and England were involved. The first effect upon agricultural markets was depressing. However, within a short time, England and France sent official representatives to the United States to buy supplies and arrange for credit.

Its storability, ease of transport, and high nutritive content make wheat one of the most important and readily transferable food products in all major war periods. World War I was no exception. Exports jumped from 148 million bushels in 1913-14 to 336 million bushels the following year. The 1915 crop was the Nation's first of over a billion bushels; but during the next 2 years production declined greatly because of climatic conditions, and exports also declined. It was not until 1920-21 that exports exceeded the 1914-15 level.

World War I also caused exports of meat and meat products to reach a level of six times their prewar value. In 1914, 399 million pounds of meat, carcass weight equivalent, were exported. The following year, the figure was 932 million pounds, and in 1919, it was 1,896 million.

At the outbreak of the war, the 1914 crop of cotton was 16 million bales, the largest that had ever been grown in this country. Within a year prices dropped nearly one-half, and exports fell off from 8.7 million bales in 1914 to 6 million bales in 1915. Prices began to improve in 1917, and 1919 is remembered as the year of the 2-billion-dollar cotton crop. Tobacco exports remained lower than prewar until 1918-19; however, prices rose, partly because of the increased demand for cigarette tobacco.

The overall effect of the war was to bring about an abnormal expansion of potential production, especially with respect to a few major crops. Cultivated cropland increased 10 percent between 1913 and 1919; feed grain production increased 16 percent, food grains 26 percent, and livestock and livestock products 9 percent.

Interwar Period. Unfortunately, this increase reached its peak as the demand fell off. Agricultural prices dropped sharply and unexpectedly in the summer of 1920. It was generally believed after World War I that an enormous demand for American farm products would follow the removal of restrictions on consumption in the European nations. Instead, when the United States curtailed its loans abroad, foreign countries had no way to pay for the products in the face of American tariffs, and they were forced to cut their imports. At the same time, the European nations encouraged increased production at home and made their foreign purchases from nations which would accept industrial goods in payment. The war had marked a turning point in the trend of farm exports.

The volume of agricultural exports fluctuated about one-fifth below the wartime peak of 1918-19 in the period from 1921 through 1929. The worldwide depression beginning in 1929 caused a further severe decline in foreign demand. By 1934-35, volume was nearly 60 percent below the 1918 level. Thereafter, it increased slightly until World War II. The annual value of exports was around 2 billion dollars from 1924 until the depression, and from 1931 until the war, the value was about three-quarters of a billion dollars annually.

Western Europe continued to be the major market for our agricultural exports in the interwar period. Our good neighbor Canada has always been an important market and became even more important. Prior to World War I, all of Asia had taken about 3.5 percent of our farm products, but when World War II began, we were sending nearly 16 percent of our farm exports to Asia, mostly to Japan.

World War II. This second world war saw a collapse in agricultural exports. In 1940-41, they reached the lowest point since about 1870; the total value of $350 million in that year was only 9 percent of the total value of all exports. However, the usual wartime demand for food and the inauguration of the lend-lease program quickly brought a reversal of the trend. By the end of the war, volume was about four times the 1940-41 low but neither volume nor value reached the World War I peak.

The lend-lease program, particularly as it applied to the USSR, led to the export of farm products in new forms. Tushonka, a meat combination, was exported in quantity. In 1943, USDA contracted for 277 million pounds of pork tushonka, most of it used by the Russian armies.

Agricultural exports increased at the end of World War II. Lend-lease was discontinued but emergency relief programs immediately after the war and subsequent foreign aid plans kept exports high. In 1949, an International Wheat Agreement, under which specified quantities of wheat were sold within a fixed range of prices to consuming countries, became effective.

Harvest hands on their way to the wheat fields of the Northwest, from a drawing in Harpers Weekly, *1890. Note machines on flatcar, grain elevator in background.*

The Korean War saw exports maintained at high levels. There were some changes in the composition of the exports. For example, soybeans and other vegetable oils and oilseeds became important in our trade. Rice also became a leading export, as it had been in colonial days.

Public Law 480. Beginning in 1954, a new stimulus was given agricultural exports by the passage of the Agricultural Trade Development and Assistance Act, better known as Public Law 480. (Public Law 480 has been extended through 1961.) Since its passage, shipments abroad of agricultural commodities have grown. The average value for the last 3 years is $4.15 billion, the highest in history for a similar period.

Public Law 480 authorized the United States to make agreements for the sale of farm products for foreign currency, to make shipments for emergency relief and other aid, and to barter farm surpluses for materials required by our government. In fiscal years 1954 through 1958, exports under these provisions accounted for 27 percent of total farm exports. In 1959, the law was amended to increase dollar sales of surplus farm goods to friendly nations through long-term agreements and extension of credit.

The law is even more important for certain major commodities. In the year 1958-59, 64 percent of the total wheat exports of 442 million bushels were under Public Law 480; 49 percent of the total rice exports of 14 million hundredweight; 33 percent of the total cotton exports of 3.1 million bales; and 73 percent of the total cottonseed and soybean oil exports of 1,080 million pounds. In addition, certain subsidy programs, especially the cotton program, were of help.

A particular effort was made to increase dollar sales abroad, with considerable success. In 1958-59, dollar sales of grains and feed led in value, followed by livestock products, tobacco, vegetable oils and oilseeds, fruits and fruit products, and cotton. Our leading customers were the United Kingdom, Canada, Japan, West Germany, India, and the Netherlands.

Agricultural exports, now near record levels, have been an important part of American economic life for 350 years. During these years, we have met many problems in preserving our trade in farm products. Our history shows that we will continue to meet the challenges as they arise.

Photo by Harold Koeller

Above, in the mountains of Yugoslavia the donkey is still the principal means of transportation. Right above, team of water buffaloes pull teak logs in Burma.

The Age of Distribution: TRA

Today the world is living in what may come to be known as the Age of Distribution. At no time in history has so much effort been expended on the business of moving people and goods as in the last 25 years. In that period, the Export-Import Bank has loaned to underdeveloped areas nearly $1.5 billion for transportation. The World Bank, since its start in 1946, has made available a similar amount, and other international organizations have contributed too, in terms of money, time, technicians.

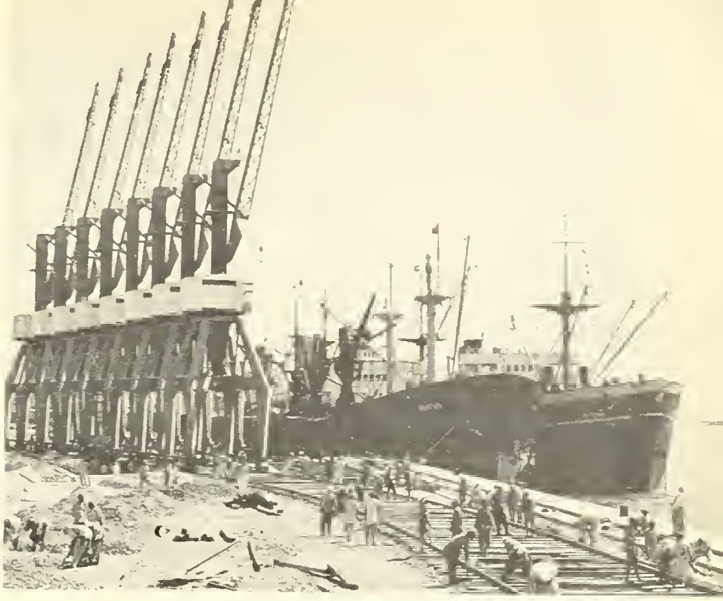
If all areas of the earth were equally capable of supplying the everyday needs of mankind, there would be no transportation problem. As it is, no areas are entirely self-sufficient; no modern nation can supply all the needs from domestic sources. But whereas many countries have long had the means of transportation that eliminate this inequaliyt of supply, many others only now are beginning to acquire the roads, railways, and ports they need.

With better transport facilities, these countries, which are largely agricultural, will be able to get their commodities to world markets. Many of them will develop vast areas of unused land and will switch from subsistence farming to the crops for which they are best suited. But as the pictures show, old ways still exist alongside the new.

Photo by Gordon R. Schlubatis

Tanganyika farm families carry coffee to market on their heads. Crop production is often limited to what family can transport this way.

Left, the old and the new in Ethiopia. Below, a long line of oxcarts loaded with rice moves into Lampang, Thailand.



SPORTATION

Photos World Bank

Above left, when Ecuador's new deepwater port in Guayaquil is completed, bananas will be loaded on ships at dock instead of onto lighters. Above right, Karachi, Pakistan's capital, is also undergoing a port renovation.

Left, the new Atlantic Highway crosses Las Vacas River at Guatemala City, providing the capital's first road link with the Caribbean. Below, before this highway was extended into Ecuador, moving freight was hazardous.

Modern railroad train, Nigeria. A $28-million World Bank loan has helped modernize stock and start a new line to northeast provinces.

Photo by Harold Koeller

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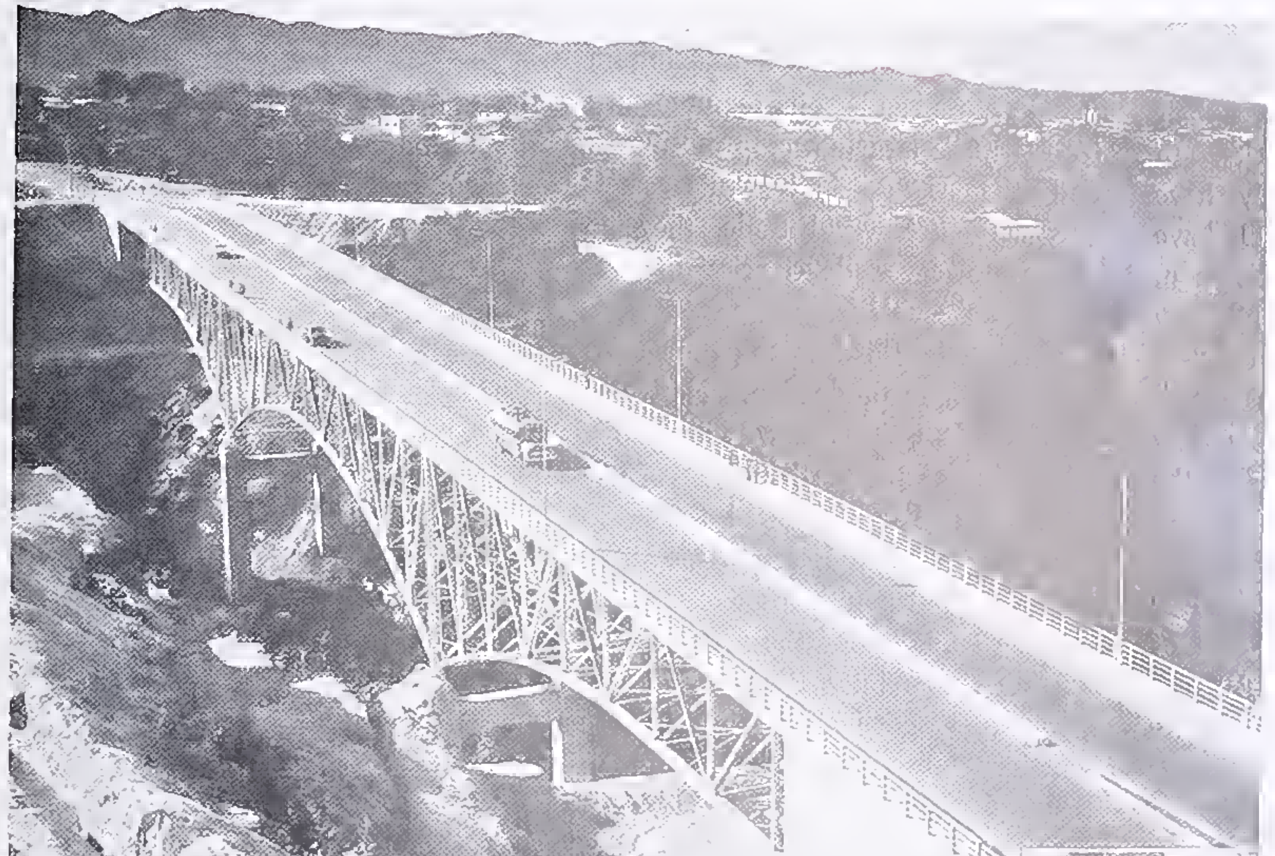

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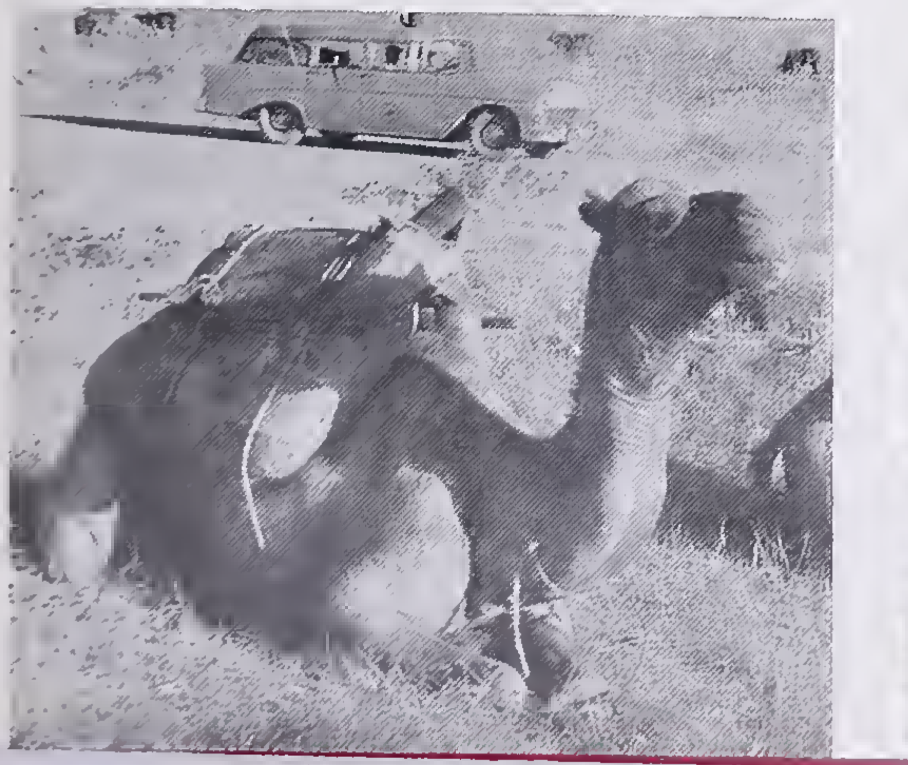

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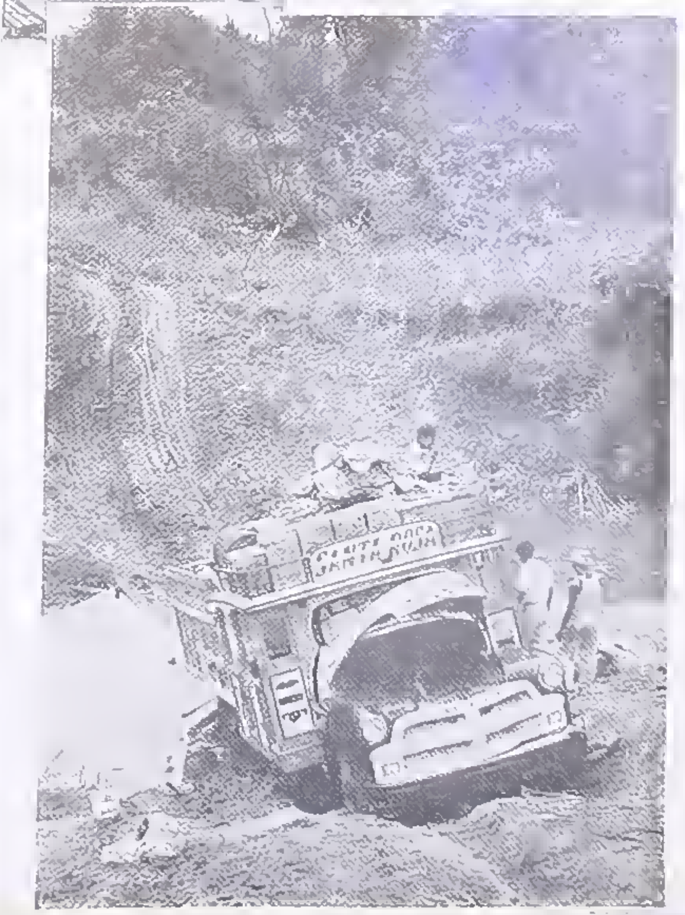

Eleven Major Crops Supply Food Needs of Most of World's People

The great commodities of agriculture comprise a relatively short list. The major food crops upon which the bulk of mankind depends total 11, and in one part of the world or another they provide the principal fuel for man's energy. Of these 11 crops five are tropical, i.e., rice, sugar cane, cassava, coconuts, and bananas. The remaining six—wheat, corn, rye, potatoes, beans, and peas—grow in temperate climates. All but three—corn, potatoes, and cassava—enter world trade in substantial amounts.

Of all the foodstuffs grown by mankind it is difficult to know just why these 11 crops gained particular favor. They have been cultivated for many years and altered so much that their beginnings are lost in obscurity. In some cases, pure chance may have been the reason. But the 11 have certain characteristics in common. First, they yield heavily. Second, they have relatively good keeping and storing qualities and can be transported. And lastly, they are relatively easy to grow. Besides, many have the ability to produce under varying conditions of climate and soil.

Wheat and *rice* are the two leading dietary staples. Probably four out of five of the world's inhabitants consume one or the other of them. Rice leads, though it is hard to tell whether more rice is consumed or whether there are more rice eaters. Production of the two grains is about equal—150 million metric tons annually. Wheat, however, is grown on more of the world's acreage than any other crop, a tribute to man who, through plant breeding, has lifted the barriers of nature so that today there is no wheat climate. Wheat can be grown as far north as southern Finland and equatorward as far as central India; but five countries, the United States, Canada, Australia, Argentina, and France, supply most of the world wheat exports.

In contrast to wheat, rice is the subsistence crop of the warm humid lands. There are several thousand varieties of rice, more than for any other cereal. Also, rice has superior keeping qualities and it lends itself well to cultivation in densely populated areas, since no other grain gives such heavy yields per acre. Over 90 percent of the world's yearly crop is produced in Asia, and most of the trade in rice takes place in this area.

Rye is still an important crop in northern Europe, but acreage is declining in favor of wheat. Actually, the potential rye-producing area of the world is larger than the wheat area. Rye can be grown wherever wheat is grown, but because it is the most winter-hardy of the cereals it can be produced in climates too cold for wheat; further, it is less exacting in its moisture and soil requirements. Today rye is largely a crop of Europe and the USSR, and while small amounts enter world trade, they go chiefly to cover deficiencies in rye-producing countries.

Corn ranks third among the grains in acreage and production. Native to the Americas, it is now widely distributed over the earth. But corn is low on the list of desired foods, so that the bulk of the crop is converted into meat and poultry products. Only about 10 percent of the world's production enters international trade.

The *potato* rivals grains in the amount of food it produces, and on a weight basis the world's annual potato crop exceeds its wheat crop. But storage is a problem, and weight and bulk are restricting factors; consequently, potatoes move little, if at all, in export trade circles. Europe is the big potato continent, while South America the original habitat of the potato, produces no more than the small country of the Netherlands.

Field beans are the most important of the seeded legumes, and in areas where there is a scarcity of meat, they supply the diet's protein needs. The main centers of production are the Far East, Brazil, the Mediterranean Basin, and the United States, the last being the world's largest dried bean exporter. The *garbanzo* bean, or chick pea, is only slightly less important but its distribution is limited. India produces 80 percent of the world's crop, Pakistan 8 percent. *Field peas* occupy nearly 10 million acres of the world's surface, with Communist China accounting for nearly 75 percent of annual production.

Sugar commonly appears in some form in the everyday meals of peoples all over the world, since it is one of the best and cheapest sources of energy. Cane sugar, less expensive than beet to produce, leads. Cuba and India are the two largest producers, but most of India's sugar is consumed at home, so that Cuba and the Philippines are the major exporters.

Cassava, a staple food in tropical lands, originated in the Americas but has spread throughout equatorial Africa, Asia, and the tropical islands. Most of it is consumed where it is grown, with only small amounts, mainly in the form of tapioca, reaching middle latitude markets.

Coconuts, another tropical foodstuff, are also an outstanding source of vegetable oil. Shipments abroad are mostly in the form of copra—the dried meat that is 60 to 65 percent oil. The lands off southeast Asia are the main producing areas. The Philippine Republic normally accounts for over a third of total world exports, followed by Indonesia and Ceylon.

Bananas originated in Asia, but by the early 16th century they had spread to the humid tropics throughout the world. Only in the last 50 years, however, have bananas been a common fruit in the United States and Europe. The leading commercial area is in the Caribbean and Latin America. Ecuador ranks as the world's biggest banana producer, and the United States as the biggest buyer, taking 55 percent of the world's banana exports.

Locally, fruits and vegetables are important in the food supply and some have a noteworthy place in commerce. The animal species, significant for food, fiber, and leather, are fewer in number than the food crops.

This is the second of two articles adapted from *Geography of Commercial Production* by Richard M. Highsmith, Jr., and J. Granville Jensen, Professors of Geography, Oregon State College. J. B. Lippincott Company, 1958.

Red China's Fertilizer Industry

—and how it fits into the economic plan

By Hughes H. Spurlock
Far East Analysis Branch
Foreign Agricultural Service

The chemical fertilizer industry of Communist China is getting much less attention than heavy industry in current economic planning. This is surprising, in view of the fact that China's agriculture bears an enormous burden. It is the key factor in the overall economic plan. It must not only meet the rapidly growing food and fiber needs arising from explosive population growth, but also supply industrial raw materials and pay for industrial development. The brightest single prospect for boosting farm production to meet these needs lies in chemical fertilizers.

Yet, after a decade of Communist rule, China's chemical fertilizer industry is still small relative to the need, and plant construction is lagging. Government policy has funneled the bulk of capital investment into heavy industry and power development; the fertilizer industry has had only a small percentage of the money budgeted for economic development.

The crucial question raised by this policy is: Can a weak and technologically backward agriculture meet such huge demands without heavy mineral fertilizer supplements to its traditional organic fertilizer sources—or will the policy lead to a dangerous food and fertilizer crisis?

The Communists have evidently based their fertilizer policy on the assumption that for the first few years of industrialization they can expand agriculture enough through several improved but inexpensive farm practices that use cheap labor and local materials. Then, gradually, they hope to bring chemical fertilizers into use in large quantities, as these labor-intensive farm measures near or reach practical limits, and as the country becomes industrially and technically capable of building fertilizer plants using its own resources. Already the Chinese Communists claim a trickle of reverse flow from industry into agriculture, for some fertilizer plants are now being built with parts and equipment made in China.

This whole "heavy industry first" procedure is consistent with standard Communist economic theory. It is also similar to the path that the Soviets followed. Only since 1950 has the Soviet Union made a strong push to step up production of chemical fertilizers. For China, however, with its paper-thin margin of agricultural supplies above minimum needs, such a course allows very little room for error. Neither success or failure on the agricultural front is certain; but the rate of progress in supplying the necessary fertilizers is bound to be a factor of growing importance.

Production. China's fertilizer production targets and statistics do not show clearly the kinds of materials produced or the contents in percentage of nitrogen (N), phosphoric acid (P_2O_5), and potash (K_2O). But some useful observations are possible. Between 1952 and 1958, both consumption and domestic production of chemical fertilizers increased, but production as a percentage of consumption changed very little. China continued to spend scarce exchange on imports, which by the end of the period had reached 1.5 million metric tons. Chemical fertilizers are evidently being reserved largely for high priority uses, such as increasing the production of cotton and other technical crops in which the government has special interest.

Developments in the fertilizer industry so far suggest a policy of starting with the production of ammonium sulfate, ammonium nitrate, and ordinary superphosphate, and probably moving into the production of urea and the high-analysis metaphosphates as industrial capacity and technology improve. In 1958, reported domestic production included 900,000 tons of nitrogenous fertilizers, mostly ammonium sulfate (probably 20 percent N), and 344,000 tons of phosphatic fertilizers (probably about 18 percent P_2O_5). Except for some local areas, Chinese soils are not deficient in potassium: thus, potash production is not being emphasized.

Plant Construction. In 1949 the Chinese Communists came into possession of two modern, though badly damaged, chemical fertilizer plants, whose total production at that time amounted to less than 100,000 tons. The larger plant, built at Dairen under the Japanese occupation, had a prewar rated capacity of 200,000 tons of ammonium sulfate, but this capacity had been greatly reduced by the war and the Russians' removal of vital equipment after V-J Day. (Some of this old equipment may have been returned later as a part of the Soviet assistance programs.) The smaller plant, built at Nanking before or about the time of the Japanese attack in 1937, had a rated capacity of 50,000 tons of ammonium sulfate, but the highest annual output achieved before the Communists took over was reported to be 27,000 tons, or 54 percent of capacity.

Between 1949 and 1952 the Chinese Communists concentrated on restoring these facilities, and claimed to have built the Dairen plant up to a rated capacity of 80,000 tons. (It is reported to be scheduled for an ultimate capacity 10 times that size.) The Nanking plant was also rebuilt, and expanded to a rated capacity of 63,000 tons. About 75 percent of the nation's 1952 output is said to have come from these two plants.

In that same year, China launched its first 5-year plan, which called for expanding the 2 existing plants and putting 5 additional state-financed projects under construction. Of the new facilities, 3 were to manufacture nitrogenous fertilizers, and 2 of these were "Soviet Aid Projects." The other 2 new plants were to be built by the Chinese and to turn out phosphatic fertilizers. Work was not actually started until late in that period or early in the next, but by the end of 1958 all 5 of the new plants were reported to be in various stages of construction. Some, possibly all, of these installations are now producing at varying levels of capacity.

Policy Shift. For the second Plan period (1958-62), the state announced that it would continue work on the plants already started but would not begin any new projects to be financed out of national funds. The responsibility for financing and constructing new fertilizer facilities was shifted to local government units or peasant organizations.

During the "big leap forward" drive of 1958, local construction plans mushroomed; all of the plants put under construction since 1958 were apparently started by local units.

This program, if carried to its ultimate conclusion—not a very likely possibility—would have each of some 2,000 counties operating a small fertilizer plant with a capacity of about 8,000 tons. Each administrative region or province would operate intermediate-size plants with capacities of around 40,000 tons or larger. It is not clear exactly how the communes fit into this plan at present, except that financing would probably come, in part at least, from savings set aside by peasant organizations.

This shift to local production is apparently designed for several purposes—to utilize the nation's resources more fully, to depend on local funds as much as possible in expanding agriculture, and to cut down hauling distances by decentralizing fertilizer output. Shifting the financial burden, though not emphasized by the state as an advantage, is probably a major aim. But having fertilizer produced near its sources of raw material and power, and if possible near where it is to be used, is a highly attractive feature in a country where transportation has long been a difficult problem.

Transportation could be further eased when the industry moves into the production of high-analysis fertilizers such as the metaphosphates. But in the manufacture of equipment for producing these more complex fertilizers, China's industry has both technical and supply problems of the sort that usually beset an underdeveloped country attempting to move on several industrial fronts at one time.

The Chinese Communists have frequently complained at the cost of importing special plant equipment and have criticized the slow deliveries of these imports. To save foreign exchange and speed up construction, the Ministry of Machine Building has cut all possible corners trying to reach self-sufficiency in units for manufacturing the more complex fertilizers. Success is being claimed for these efforts. But critical shortages still exist in supplies of vital items, and substitutes are being sought. Building material shortages are especially serious for nitrogen production. In view of these drawbacks, production of urea and metaphosphates is evidently being attempted only on something of an experimental basis.

State Assistance. During the First Five Year Plan the capital investment going into fertilizer production came from the national budget and went into building and expanding the seven big fertilizer plants. During the Second Plan, emphasis on fertilizers has been increased, targets doubled, and proposed investments enlarged; but, as mentioned earlier, the increased allocations rely heavily on nonbudgetary sources. Though state authorities are clearly concerned over the lag in fertilizer production and are moving toward giving increased attention to the problem, they have not been willing to make major shifts of capital investment from higher priority uses.

However, to promote the manufacture of fertilizers from savings outside the state budget, the Central Government has extended some noteworthy services. Among these is the provision of guidance and blueprints to local organizations, to help them set up and operate fertilizer facilities that will suit their technical and financial resources. Reports are that the state has completed two small prototype plants for use as demonstrators, and that it is training engineers and skilled workers to assist local groups in building and operating their own plants.

Outlook. The Chinese once mentioned a target of 15 million tons of fertilizer by 1967; then in 1958, they moved the target date up to 1962. At another time, however, this same 15 million tons was officially described as far too little.

Under present conditions such targets and estimates of need have little practical significance. China's soils are known to be seriously deficient in one or more plant food elements, and the need for chemical fertilizers is so large that meeting it completely, or even in large part, is not a serious possibility for the next few years. It would be difficult enough—and about all the regime could hope for—to expand the fertilizer industry sufficiently to permit gradual yearly increases in fertilizer application. Whether this can or will be done remains to be seen. Success could greatly ease the agricultural problem; lack of substantial progress could greatly complicate the whole economic plan.

China's progress along this line bears watching, for the state of its chemical fertilizer supply affords one of the best indicators of its general farm production trends. Use of this indicator in 1958 was highly effective in helping Free World observers to spot the enormous exaggerations in Communist China's official claim that farm production had doubled, long before China itself had admitted them.

COMMUNIST CHINA'S FERTILIZER CONSUMPTION AND SUPPLIES[1]

Year	Consumption	Production	Imports	Ratio of production to consumption
	1,000 m.t.	*1,000 m.t.*	*1,000 m.t.*	*Percent*
1952	433	194	239	44.8
1953	592	260	332	43.9
1954	900	345	555	38.3
1955	1,222	426	794	34.9
1956	1,500	663	837	44.2
1957	1,800	803	997	44.6
1958	2,708	1,244	1,464	45.9

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[1] Includes a total of all mineral fertilizers in bulk form, i.e., the carriers.

United States Helping Ecuador To Develop Its Dairy Industry

Ecuador has been trying to upgrade its dairy cattle and improve its dairy industry, and the United States has been helping through cooperative market development activities.

Although Ecuador is only about the size of Arizona, it is divided into three parts. The divider is the Andes Mountain area which separates the tropical coastal zone from the wild, sparsely settled Oriente which slopes down to the Amazon River. It is in the highlands of the Andes that cattle raising—particularly dairy-type herds—is a major industry.

The U.S. Department of Agriculture and the U.S. breed associations have sponsored three types of market development projects in Ecuador for dairy cattle. Under the first project, specialists are sent to Ecuador to judge livestock shows. After the shows, these experts visit dairy farms or haciendas in the area, where they classify the owner's cattle and offer suggestions on breeding, feeding, and the keeping of performance records.

The second market development project helped establish two demonstration herds of purebred U.S. dairy cattle at Ecuadoran vocational schools—one near Guayaquil and one near Quito. Some of the animals in these herds were bought by Ecuador, with the U.S. Department of Agriculture footing the transportation bill. Others were donated by U.S. breed associations, with Ecuador paying shipping costs. Agricultural students maintain the herds, and interested dairymen can view them and see the quality of U.S. purebred dairy cattle. The herds bring revenue to the schools through the sale of calves and milk.

The third, and most recent, project consisted of paying part of the cost of bringing 30 Ecuadoran buyers to the United States to purchase dairy animals. Some animals were bought immediately and orders are still coming in.

Besides these market development operations, Ecuador has been receiving a little over 1.5 million pounds of nonfat dry milk from the United States annually as relief donations through charitable organizations. These donations are under Title III of P.L. 480. Ecuador's per capita consumption of milk is only 56.9 pounds a year, compared with over 690 pounds consumed in the United States. The donated milk is expected to be a market-builder because it enables many low-income consumers who cannot afford fluid milk to have milk in their diets. Thus they are becoming aware of the value of milk, and as living standards go up, they will be able and probably eager to buy the fluid product.

The U.S. dairy cattle breeding industry sees a good potential market for breeding stock in Ecuador. Progress has been slow so far, but some results are beginning to show.

The towering Andes echo the bellow of a Holstein sire grazing on a pasture typical of those in the milk-producing highlands around Quito, Ecuador.

Right, purebred Holstein heifer on Ecuadoran hacienda poses before owner and U.S. dairy specialist who will classify it. Modern silo in background is rare sight in Ecuador.

Below, Francis H. Jack, U.S. agricultural attaché; Dr. Pablo Enrique Albornoz, owner; and John Fairchild, U.S. dairy cattle specialist, examine promising locally produced bull.

The Philippine Copra Industry

may solve country's dollar problem

By James E. Ross
Far East Analysis Branch
Foreign Agricultural Service

Photos courtesy ICA

Labor group from University of Philippines watches workers operating coconut grating machine in San Pablo factory. The Republic is No. 1 exporter of coconut products.

The Republic of the Philippines—world's leading exporter of coconut products—gained a favorable balance of trade in 1959 for the first time since World War II. Most of the country's important exports were up in value, including copra, which accounts for about 30 percent of its foreign trade earnings.

World demand, particularly from the United States, Europe, and South America, kept copra prices at a high level and boosted Philippine copra earnings 7 percent higher than the previous year. This occurred despite a 12-percent decline in copra production. Output in 1960 is expected to show a gradual improvement and a reversal of the downward direction of the past 2 years; with a continuing firm market, the copra industry may lead the way in solving the Philippines' recurrent dollar shortage.

The Republic's foreign exchange reserves have fallen from the 1946 level of $443 million to about $165 million at the present time, as the country has been drawing on them to meet payments resulting from the chronic unfavorable balance of trade. Increased export earnings in 1959 helped to reverse this trend. Reduced imports last year also helped the Philippine foreign exchange situation. This reduction was caused largely by a rigid control of imports and increased domestic production. In 1958 the Philippines imported $22 million worth of rice and corn, but in 1959 record crops made imports of the two staple foods unnecessary. Even though suppressed imports helped increase foreign exchange holdings, the real solution to the Philippine dollar problem lies in increased exports.

Philippine Exports. The major exports are copra, sugar, abaca, logs and lumber, coconut oil, desiccated coconut, and minerals—mainly copper, chromite, and iron ore. Agricultural commodities make up almost three-fourths of the country's export earnings; coconut products account for one-third, and sugar follows with about one-fourth of the total value of exports.

Before the last war, the sugar industry was the mainstay of the Philippine economy. It provided the country with over one-third of its annual national income derived from exports. After the war, sugar lost its preeminent position as an export product and ranked second to coconut products in importance. Today the Philippine sugar industry is well financed and aptly managed. Land and resources are available and officials are confident that annual production could be increased from 1.5 million to 2 million tons of sugar. Mill capacity is sufficient to expand its output by 50 percent if necessary. But a relatively high wage rate and the fact that the industry has been geared to producing for the U.S. quota make it doubtful that expansion would result from other than an increased U.S. quota.

Abaca has been an important export but in recent years, except for 1959, production and exports have declined while cost of production has risen. Abaca has also suffered because of mosaic disease and competition with synthetic fibers and African sisal. Even though abaca production in 1959 increased 12 percent over the previous year and the market was strong, the prospects for abaca in 1960 are not bright. The increased production was mainly the result of overstripping, which will have a serious effect on production this year. Any further rise in prices is likely to force spinners to replace abaca with sisal and synthetics; therefore, the market for the future is uncertain.

Although exports of logs and lumber have increased several times since 1950, they account for less than half the amount earned from coconut products. With no other product showing signs of becoming a major export item, it appears that copra will remain the Philippines' largest earner of foreign exchange.

The Copra Situation. Most of the earnings will be in the form of U.S. dollars. Shipments of copra to the United States last year accounted for 44 percent of the total, while the Netherlands was the other big importer, taking 29 percent. All of the coconut oil and 99 percent of the desiccated coconut exported from the Philippines last year went to the United States. The United States has also been the major market for copra

Some group inspects desiccated coconut reody for bogging, most of which is shipped to the United States. Copra and coconut oil, however, are the biggest dollar eorners.

In every coconut grove stands a kiln where the fruit is cooked slowly until the coconut meat is turned into copra.

cake and meal, but in 1959 most of these exports went to Europe.

Movement of copra from the Philippines this year is expected to be slightly higher than the past year, but coconut oil exports are predicted to be down sharply. This is a result of tight supplies and the tendency for more copra to be exported as such when prices are up, probably because the domestic crushers are reluctant to pay the higher prices. Supplies in 1960 will remain tight, and there will probably be a scramble between crushers and exporters for the available supply, with the exporters expected to get the larger share.

Declining copra production during the last 2 years has been largely a result of reduced rainfall, but disease and typhoon damage were also contributing factors. Coconuts take about 370 days to mature, and production is largely determined by the amount of rainfall during the year preceding harvest. Although rainfall was adequate for June to October 1958, the total for the year was 11 percent below normal. Again during the first 6 months of 1959 rainfall was below normal.

The favorable effect of rainfall during the last half of 1959 was offset to some extent by damage from typhoons. Thirteen provinces, which produce over half the Philippine coconut crop, were crossed in November and December by typhoons Freda, Gilda, and Harriet. Of the three, Harriet struck at the heaviest producing areas and did the most damage, though this is difficult to estimate, since severe typhoons may have effects that last for a year or more.

The third factor which has caused Philippine coconut production to decline is a mysterious disease known as Cadang-Cadang. The disease, first discovered in 1931 on the island of San Miguel, has destroyed about 10 million trees—mostly in the Bicol region. This area formerly had 18 million coconut palms, accounting for 15 percent of the country's total production. Efforts are continuously being made to determine the cause and control of Cadang-Cadang, but there has been little progress.

Brighter Future. Despite the influence of natural hazards, Philippine coconut production in 1960 is expected to increase slightly over 1959. Overall production of copra and coconut oil, in terms of copra and excluding nuts used in the manufacture of desiccated coconut, homemade oil, and other native culinary preparations, was estimated at 937,500 long tons in 1959. There have been no indications of any substantial gains in output in other coconut-producing countries. Marketing and transport difficulties are expected to keep Indonesia's supply of copra and coconut oil about even with 1959 and well below the levels of the early 1950's. Since the Federation of Malaya has given the coconut industry a low priority in agricultural development plans, no considerable rise in output there is anticipated.

With no significant increase in competition and a continuing high level of economic activity in the main importing countries, copra prices are likely to remain relatively high. In addition, exports of Philippine copra are expected to be greater than last year. Thus, a strong market and increased exports will augment copra earnings and help the Philippine foreign exchange situation. By 1961 the country should have recovered from drought conditions and recent typhoon damage; then it is expected that copra production will show a substantial recovery. With the Philippine coconut prospects looking much brighter for the future, copra may hold the solution to the country's dollar problem.

Red China's Wool Imports Mounting As It Becomes No. 1 Buyer of Tops

By James K. Freckmann
Far East Analysis Branch
Foreign Agricultural Service

Communist China has established itself as the world's leading importer of wool tops (semimanufactured wool) and is fast becoming an important buyer of greasy and scoured wool. Although imports of tops during 1959 did not reach the record proportions of the previous year, they were still almost twice as large as for 1955. However, imports of greasy wool did establish a new record for China in that they were double the purchases of the previous year. This large increase in Red China's purchases of greasy wool, along with the decline in top imports, suggests that China may soon be able to handle its own wool processing.

Total imports of wool, comprised of tops, greasy, and scoured, by Mainland China during 1959 were about 80 million pounds. (All tops and scoured wool have been converted to a grease wool basis for comparison.) This was an increase of almost 10 percent over the previous year and was 2½ times greater than the purchases made during 1955. At the present time, imports are equal to roughly one-half of China's estimated production, in contrast to only about one-third a few years ago.

On the other hand, the Chinese have been exporting about one-quarter of their estimated wool production to the USSR, China's largest customer in the past few years. These exports are believed to have been made up mainly of coarse, carpet-type wools, which comprise most of China's production. Prior to World War II, China was an important source of U.S. carpet wool; however, imports from China have been banned since the Korean War. Exports to non-Communist countries in recent years have been very small, going mainly to the United Kingdom, France, West Germany, Japan, and Belgium.

Sources of Supply. During 1959, as in the past, a few countries, primarily Australia, New Zealand, the United Kingdom, the Union of South Africa, and Uruguay, supplied the bulk of China's purchases. Other suppliers were France, Belgium, and Argentina, which entered the picture as a supplier of wool for the first time.

In tops, Red China is the world's largest importer, taking between a third and a half of all Australian and South African exports and about one-seventh of the United Kingdom's exports. Purchases during 1959 of tops comprised approximately one-half of the total wool imports of China, a decline of about 5 million pounds from the previous year's level. Major suppliers were again the United Kingdom with 10.6 million pounds, Australia with 6.7 million, Uruguay with 3.7 million, the Union of South Africa about 3.7 million, and France 1.4 million. Of these countries, only Uruguay and the Union of South Africa increased their sales to China over the previous year.

Since 1958, the Chinese reportedly have embarked on a program to construct scouring plants and combing mills. As a result, imports of greasy wool for 1959 comprised more than one-third of China's wool imports, up from only one-fifth for the previous year. Major suppliers of greasy wool were New Zealand with about 12.0 million pounds, Australia with 3.9 million, and the Union of South Africa with 2.7 million. Purchases from all of these countries were substantially increased. In addition, Argentina and Uruguay supplied minor amounts for the first time, probably because of China's present policy of increasing trade with Latin America.

COMMUNIST CHINA'S WOOL PRODUCTION AND IMPORTS FROM THE FREE WORLD[1]

Year	Production	Imports			
		Greasy	Scoured	Tops	Total
	1,000 lb.	*1,000 lb.*	*1,000 lb.*	*1,000 lb.*	*1,000 lb.*
1955	114,000	107	5,278	26,702	32,087
1956	126,000	127	8,203	40,407	48,737
1957	132,000	1,097	12,807	40,307	54,211
1958	145,000	9,460	7,594	57,052	74,106
1959 [2]	150,000	19,270	14,401	47,811	81,482

[1] Based upon actual and estimated figures converted to a grease wool basis.
[2] Preliminary.

The total amount of scoured wool purchased by Red China has fluctuated from year to year. Chinese purchases of scoured wool during 1959, as in the past, were confined to Australia and New Zealand, with Australia still dominating the market by supplying 14.1 million pounds.

Significance. Wool is one of the three main agricultural items imported by China. Sugar and cotton are the others. Since wool produced by the Mainland still consists largely of coarse wools and the Communist Bloc nations do not produce enough wool, especially of the finer types, for their own needs, China's needs can be met only by the Free World producers.

Currently, the size of China's wool purchases from the non-Communist nations is small in relation to total world wool exports. The United Kingdom, for example, imported about one-quarter of the total during 1958, while Japan and the United States each took about 10 percent. China, on the other hand, took only about 2 percent of the total in 1959; and while these purchases are increasing at a rapid rate, there is no way of knowing whether or not this upward trend will continue.

Conversely, the trend in China's exports to Russia is downward in relation to the estimated production of wool, although the actual quantities have remained at approximately 36 million pounds. During 1958 only 23 percent of the wool production was exported to Russia, compared to about 35 percent for 1955. Since wool sent to Russia is used primarily to assist in paying for technical and material aid, it is difficult to predict the future level of exports.

Veiled beekeeper examines frame covered with bees while holding scraper to remove stings. There are over 5 million colonies of bees in the United States.

The Products of the Honeybee Still Popular in World Trade

From earliest times men have traded in the products of the honeybee—honey and beeswax. This trade still goes on around the world. Compared with that of other agricultural commodities, it is relatively small; however, it is a stable trade whose total fluctuates little from year to year.

Currently honey appears on the export lists of some 38 countries of the Free World, and beeswax on those of over 20 nations. Among these countries, the United States ranks second as an exporter of honey and is a major importer of beeswax.

Honey—the world's oldest natural sweet—has been in demand through all recorded history. It has even been used in place of money as a medium of exchange. Today it is considered a delicacy, both in its natural state and in place of sugar for cooking. Unlike sugar, however, honey varies. Its color ranges from pale gold through deep amber to nearly black, and its flavor from mild to pungent according to the source of the nectar. The lightest color usually has the mildest flavor. Most U.S. honey for the commercial market is blended before it is sold, to eliminate wide color and flavor differences.

Although a bee would have to visit more than 2 million flowers to produce a pound of honey, its collecting instincts are so strong that honeybees gave the Free World well over 500 million pounds of honey in 1959. U.S. bees were responsible for nearly 248 million pounds of this total. Nineteen other countries produced over a million pounds a year and 12 of these, over 10 million.

Outside the United States, the most important producing areas are Australia, Canada, Mexico, West Germany, Argentina, Ethiopia, France, Spain, and Brazil. West Germany and Canada, which are high up among the top 10 producers, are also the leading markets for U.S. honey. West Germany is the world's foremost honey market and buys about one-half of U.S. exports in addition to substantial quantities from Australia and Mexico. The United Kingdom is the second largest importer, but takes only small amounts from the United States. Canada and the Benelux countries take a large share of the remainder of U.S. shipments. Altogether U.S. honey exports total in the neighborhood of 20 million pounds annually.

U.S. honey exports rank second only to Mexico's, which have reached as high as 29 million pounds in a year. Australia, Argentina, Chile, Cuba, Guatemala, and New Zealand also stand high among the honey exporting countries of the Free World.

The United States is a honey importer as well as an exporter. It buys about 4 million pounds from abroad annually. Part of these purchases supplement domestic supplies during the off seasons, and the rest are specialty flavors not available from domestic sources.

While honey is the bee's main product, it also makes beeswax at a rate of about 2 pounds for every 100 pounds of honey produced. Demand for beeswax has declined somewhat in recent years because of the increasing importance of other waxes from both vegetable and animal sources and the expanded use of plastics, but beeswax is still a most desirable component in cosmetic manufacture. The cosmetic industry is the largest consumer, using beeswax in creams, ointments, lotions, lipsticks, and rouges.

Next in importance is candle making—particularly of church candles—because beeswax candles have a high melting point, do not bend or smoke, and give a small round flame which burns longer than the long streaky flame of most substitutes. Beeswax is also used to make artificial honeycombs, as a base for many pharmaceuticals and polishes, and in other products where fine wax is desired.

The United States produced 4.4 million pounds of beeswax in 1959, supplying about half of its needs. Major sources for the rest are Cuba, Ethiopia, Chile, Brazil, Mexico, Angola, and the Dominican Republic, although small quantities come from as many as 20 other countries.

The keyword of bee culture is stability. Since the bee's most important function—the pollinization of over 50 agricultural crops—is vital to agricultural production, it is most likely that man's only source of honey and beeswax will continue to flourish.

New Zealand Sees Need For New Meat Outlets

New Zealand's Meat Board and other meat interests are increasing efforts to develop markets outside the United Kingdom and the United States for lamb, mutton, and beef. Earnings on meat exports to all destinations during 1959 dropped 15 percent from $235 million to $205 million. The decline was caused mainly by lowered lamb prices in the United Kingdom and decreased beef shipments to both the United Kingdom and the United States.

New Zealand's economy depends on its agriculture, and its agriculture is based on livestock and livestock products. It produces 1.5 billion pounds of meat a year, and although its people are among the world's largest meat eaters, only about 40 percent of its output is used at home. The rest is exported. Meat exports bring in nearly a third of New Zealand's foreign exchange, and livestock products account for 90 percent of its exchange earnings.

Traditionally, the United Kingdom buys the bulk of New Zealand's surplus meat, but in the past 3 years shipments to the United States have risen sharply. Neither of these countries, however, can take all of New Zealand's rapidly expanding production, thus other markets must be found. To facilitate market development, the Meat Board has been given the power to buy and sell meat directly. This will enable it to send experimental shipments to new markets, and to develop them in an organized manner.

The Meat Board has also been promoting sales of meat through trade missions to such countries as Peru and Japan. Meat Board representatives and Trade Commissioners, too, promote New Zealand meat around the world.

Both Greece and Japan are interested in buying mutton from New Zealand, but the principal obstacle in developing these and other markets is inadequate shipping facilities. Present capacity of Japanese, Greek, and some other steamship lines is limited. There is hope, though, that this problem will be resolved very soon.

European Wheat Market

(Continued from page 4)

the past 20 years—have leaned heavily toward Manitoba, for that wheat has given rise to the fewest complaints on quality and uniformity.

However, on January 1 this year the Swiss Government released the purchasing of wheat to the private trade. This important policy change has made necessary many adjustments within the Swiss milling industry; and millers have also worked with the government on revising the requirements for reserve stocks of imported and domestic wheat to be held by each mill. The prospect of the changeover caused postponement of the plan to send a Swiss wheat team to the United States.

The United Kingdom normally produces about 2.6 million metric tons of wheat a year, and imports about twice that amount of wheat and flour. Like Germany, it distributes its purchases of wheat among many countries. Canada, being a Commonwealth country, enjoys sales of 2.6 million tons, or over 50 percent of the total. U.S. sales are now just over 600,000 tons a year, or less than a fourth of Canada's. Certainly we should be able to win more of this market again.

The British Wheat Team's visit to this country, plus excellent personal and official relationships in London, has created a more favorable attitude toward Hard Red Winter wheat. Most effective in holding this market, however, has been the Federal Protein Certificate and the improvement it has brought in purchasing methods.

Occasional Importers. Five European countries—Finland, Greece, Italy, Portugal, and Spain—are at present self-sufficient in bread wheat production, but occasionally import small quantities of hard wheat for blending. By no means should they be written off as possible markets.

Agricultural problems vary from country to country among the five. Finland, for example, has been supporting wheat not only to reduce wheat imports but also to reduce feed grain acreage and thus control dairy surpluses. Under a recent agreement with the Soviet Union, Finnish import needs will be covered until 1965; this leaves little expansion for U.S. wheat except a few thousand tons for purposes of blending.

Greece has been buying U.S. Hard Red Winter wheat for blending ever since World War II; but in the past 2 years, local output of soft wheat has increased to such an extent under the price support system that a small export surplus developed and imports of all types had to be reduced. Visits by Greek wheat teams to the United States and return visits by U.S. wheat growers have maintained excellent relations; and the Greeks may again be in the market for our hard wheat if their own wheat output declines, either because of poor harvests or because of a shift to other crops.

Italy is now more than self-sufficient in soft wheat, but has a deficit in durum and will need small annual imports. It is our hope that eventually we will sell Italy more Hard Red Winter wheat for pasta flour or for blending with soft wheat to make flour for bread products.

Portugal's last three wheat crops have covered its needs, and its 1957 imports of 75,000 tons—largely from the United States—helped give it the necessary carryover stocks. We sold Portugal no wheat in 1958, but 13,000 tons for Madeira in 1959. Portuguese millers would like U.S. Hard Red Winter wheat for blending, and when Portugal's crops are smaller we can expect to have a share of this market.

Spain is now classified as a wheat exporter; for the last several years it has been exporting sizable amounts of bread wheat and some durum. This trade position, however, is liable to change suddenly in a year of adverse weather. Eventually Spain may import some hard winter wheat for blending, but financial problems prevent this at present, unless U.S. credit can assist with these imports.

Each of these five countries suffered wartime food shortages that directed their attention toward self-sufficiency in food grains as a safeguard for the future. But increasing their wheat crops has required high price supports that have led to reductions in the acreages of other badly needed crops. Government officials, millers, and bakers in the five countries are attempting to find solutions to the problems of high supports and excess wheat production. Three of the countries have sent wheat teams to the Great Plains. All have used hard wheat for blending to make better bread. All are aware that these imported wheats are considerably cheaper than the soft wheat locally produced under high price supports; and if the good relations we now enjoy with their wheat interests are continued through visits, letters, and assistance whenever possible, we may eventually reenter all five markets.

I left Rotterdam early this year with the feeling that the Wheat Growers' office there was on a sound basis, with the preliminary work done, the program well on its way, and the possibilities for useful effort increasing daily. Continued endeavor will reflect in increasing sales of U.S. wheat to Europe.

Progressive Costa Rica

(Continued from page 8)

characteristic of the country. These boards are associated with the national banking system and provide small farmers short-term and medium-term loans at low interest rates.

Obstacles. Costa Rica's agricultural progress is facing some problems that are slowing the pace of development in the crop and livestock industries. The big ones are failure to make full use of available arable lands, need for more credit facilities, and poor transportation. Also, the country needs to grow foods that will provide better nutrition and wider variety in the diet; and to develop a greater variety of export crops to diversify sources of foreign exchange earnings.

Furthermore, as stated earlier, the production of the basic food items—corn, rice, and beans—scarcely keeps up with population expansion. Consequently, the country continues to depend on imports to supply its needs for wheat and wheat flour. Some milk, lard, and vegetable oils are also imported, although there are local industries supplying sizable quantities of milk and vegetable oils. Other food imports include canned and dried fruit, variety meats, and poultry feed.

Japan Liberalizes April-September Imports

The Japanese Government's expressed policy for trade liberalization is gradually taking shape. For the first half of fiscal 1960 (April-September) the government allocated a record foreign exchange budget of nearly $3.3 billion; over $2.4 million will be commodity import funds.

Some 40 percent—$970 million—of the commodity import funds is earmarked for "Automatic Approval" operations. This amount represents an increase of $270 million over the preceding 6 months, when only about 33 percent was set aside for A.A. products. There are now over 1,000 items on the A.A. list.

For the "Fund Allocation" list, amounts have been allocated to increase raw cotton, wheat, and soybean purchases. Cotton will be upped about 400,000 bales, wheat about 200,000 bushels, and soybeans nearly 77,000 metric tons. Planned imports of barley are far below the level of actual purchases in recent years. The declining demand for barley as human food has been the main cause of this rapid drop. Funds to buy hides and skins have been cut because these products will be transferred to the A.A. list this month.

New Zealand Eases Licensing of Imports

Recently New Zealand further relaxed its import licensing schedule. Although no items were completely exempted, a new category "A" was created, and commodities assigned to this classification will be licensed to the full amount of the importer's request. Farm products in the new category include soybeans, molasses (mixed with bone-black), pine tar, and chicory.

Some farm items of interest to the U.S. trade are now admitted on an import replacement basis equal to 150 percent of 1959 licenses. Grains, dried fruits, fruit pulp (other than tomato, apricot, and raspberry), canned pineapple, infants' and invalids' foods, bulk rice, molasses, and fur skins. At the same time, discrimination was eliminated in licensing imports of timber and timber products from the dollar area.

In addition, certain fruit juices, fresh fruits, and nuts, which were subject to special quota allocations for 1960, have been given alternative quotas based on a specified earlier year's trade which the importer may select, if such an allocation is more favorable to him.

Cuba and Poland Agree To Trade

Cuba and Poland have signed their first trade and payments agreement. Cuba will export sugar, coffee, leaf tobacco, and some other products to Poland and, in return, will buy Polish agricultural and industrial machinery, helicopters, and airplanes.

Argentine Lentil Exports Lowered Sharply by Rust

Argentina, which has been among the world's top lentil exporters, will ship few if any this year. For the fourth consecutive year, the crop has been severely damaged by rust. The 1960 harvest—nearly completed—is estimated at only 4,600 tons, compared with a 1950-54 average of 29,000. Acreage, however, is about the same as that of 1950-54.

Argentine lentil exports in some years in the early 1950's reached as high as 20,000 tons a year. The United States, the Netherlands, and West Germany were among the larger importers. The United States now has an embargo on imports from Latin America because of the rust.

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New Import Policies Set Up In West Indies

Several West Indies countries are setting up individual import policies pending the establishment of a federation-wide customs union. Barbados has relaxed import restrictions to the point where the only farm products that now need licenses are fats and oils, rice, coconut and cottonseed meal, shell eggs, poultry meat, prepared poultry feeds, and alimentary pastes.

The Government of St. Kitts-Nevis-Anguilla has eased its quota restrictions on imports. Any goods can now be shipped from the United States without a specific license with the exception of a few nonfarm products and the following farm items: Fats and oils and rice (covered by regional agreements), sugar, cornmeal, wheat and flour, hand manufactured tobacco (including cigarettes).

Jamaica has redefined two items on its import restriction list. "Wheat flour, unenriched" has been changed to "Wheat flour other than whole wheat flour and flour enriched," and "Fresh vegetables" has been changed to "Vegetables (sweet pepper, tomatoes, beetroot, white cabbage, pumpkin, carrots, and cucumber)."

United States Buys Argentine Horsemeat

The United States made its first substantial purchases of Argentine horsemeat in 1959. Shipments reached 2.3 million pounds and are expected to be even larger this year.

Argentina's sales of horsemeat rose sharply in 1959, with the United Kingdom taking 16.6 million pounds, the Netherlands 9.3 million, Belgium 5.6 million, Japan 4.2 million, and Sweden 3.7 million, plus the quantity bought by the United States. If Argentina is able to mechanize its agriculture as planned, the resulting liquidation of horses will provide a supply of horsemeat for a number of years.

Australia and France Agree On Flour Exports to Asia

Australia's Minister of Trade has announced that an understanding with France has been reached, which will limit the amount of French flour going to Australia's traditional markets in southeast Asia. French flour sales to these markets—particularly Ceylon and Indonesia—reached such proportions in recent years that Australia's exports to them were disrupted. France's flour was able to undersell the Australian product because French millers and exporters received substantial subsidies.

Under the new agreement, France assures Australia that it will avoid damaging Australia's flour export trade in southeast Asia by keeping its exports at a reasonable level. Both governments agree to exchange on a regular monthly basis information on their flour exports to markets of interest to both parties.

Sweden Increases Import Duties on Meat Products

Sweden recently raised import taxes on livestock and meat products. Sweden imports U.S. beef variety meats and horsemeat and the new high duties will limit this trade, particularly since on many of the variety meats, import duties are higher than the U.S. wholesale prices.

Duties are set according to a formula designed to protect Swedish agriculture from world price fluctuations and cost increases. Even higher duties on livestock and meat products may be expected in the future because of recent wage increases granted to the industrial workers of Sweden.